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SUBJECT: CZECHS WILL ISSUE FATF'S ADVISORY STATEMENT ON
IRAN TO NATIONAL BANKS

REF: STATE 149648

¶1. Econoff delivered reftel remarks to Ministry of Foreign Affairs Middle East and Africa Department Director Josef Rychtar and Ministry of Finance Financial Analytical Unit Director Mr. Korbas October 29. Korbas said he would draft a letter, based on the U.S. demarche and in conjunction with the Czech National Bank, to encourage banks to employ enhanced scrutiny on transactions related to Iran or Iranian entities. Korbas will send the letter to the Czech Banking Association as well as national banks and other financial institutions. He noted that under Czech law, all institutions must comply with existing laws on money laundering and terrorism financing.

¶2. Rychtar added that no financial ties currently exist between the two countries. He explained Iran currently owes the Czech Republic money and has indicated willingness to pay, but due to existing sanctions no Czech financial institution is willing to carry out this transaction.
Graber